

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 11, 2021

College Heights Cottages, located at the North side of Water Street east of River Boulevard in Bakersfield, requested and is being recommended for a reservation of \$497,948 in annual federal tax credits and \$2,356,109 in total state tax credits to finance the new construction of 28 units of housing serving special needs tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Golden Empire Affordable Housing Inc. and will be located in Senate District 14 and Assembly District 32.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the NPLH program of HCD.

Project Number CA-21-597

Project Name College Heights Cottages
Site Address: North side of Water Street east of River Boulevard
 Bakersfield, CA 93306 County: Kern
Census Tract: 14.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$497,948	\$2,356,109
Recommended:	\$497,948	\$2,356,109

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Golden Empire Affordable Housing, Inc.
Contact: Stephen Pelz
Address: 601 24th Street, Suite B
 Bakersfield, CA 93301
Phone: 661-633-1533
Email: spelz@kernha.org

General Partner(s) or Principal Owner(s): GEahi College Heights Cottages LLC
General Partner Type: Nonprofit
Parent Company(ies): Golden Empire Affordable Housing, Inc.
Developer: Golden Empire Affordable Housing Inc
Bond Issuer: Housing Authority of the County of Kern
Investor/Consultant: PNC Real Estate
Management Agent: Housing Authority of the County of Kern

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 7
 Total # of Units: 29
 No. / % of Low Income Units: 28 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt/HOME/HUD Section 8 Project-based Vouchers (14 units - 50%)

Information

Housing Type: Special Needs
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

Aggregate Targeting Number of Units		Percentage of Affordable Units
30% AMI:	14	50%
60% AMI:	14	50%

Unit Mix

28 1-Bedroom Units
1 3-Bedroom Units
29 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
14 1 Bedroom	30%	\$391
14 1 Bedroom	60%	\$705
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$260,000
Construction Costs	\$6,644,736
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$332,237
Soft Cost Contingency	\$75,000
Relocation	\$0
Architectural/Engineering	\$275,000
Const. Interest, Perm. Financing	\$433,300
Legal Fees	\$200,000
Reserves	\$267,500
Other Costs	\$665,541
Developer Fee	\$1,252,721
Commercial Costs	\$0
Total	\$10,406,035

Residential

Construction Cost Per Square Foot:	\$378
Per Unit Cost:	\$358,829
True Cash Per Unit Cost*:	\$348,772

Construction Financing

<u>Source</u>	<u>Amount</u>
Pacific Western Tax Exempt - Series A	\$5,400,000
Pacific Western Taxable - Series B	\$1,500,000
HOME	\$1,450,000
Deferred Costs	\$1,207,109
Tax Credit Equity	\$848,926

Permanent Financing

<u>Source</u>	<u>Amount</u>
Pacific Western	\$1,000,000
HCD NPLH	\$1,500,000
HOME	\$1,450,000
Deferred Developer Fee	\$291,653
Solar Tax Credit Equity	\$46,937
Tax Credit Equity	\$6,117,445
TOTAL	\$10,406,035

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$9,575,916
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$12,448,691
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$497,948
Total State Credit:	\$2,356,109
Approved Developer Fee (in Project Cost & Eligible Basis):	\$1,252,721
Investor/Consultant:	PNC Real Estate
Federal Tax Credit Factor:	\$0.85000
State Tax Credit Factor:	\$0.80000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.